S&P Global
Ratings

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Various Rating Actions Taken On Spanish Banks Amid Proven Resilience And Industry Challenges

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- Thanks to extensive systemwide support provided by the authorities, Spanish banks' asset quality has proved resilient.
- We expect any future asset-quality deterioration, due to continued economic uncertainties and expiry of forbearance measures, to be manageable and unlikely to deplete banks' capital.
- However, the COVID-19 pandemic has clearly aggravated industry profitability challenges and accelerated digitalization trends.
- Although the latest indicators point to a buoyant economic rebound in Spain this year, tourism sector recovery will be more backloaded and Spain may take longer than European peers to close the output gap lost in 2020.
- We lowered the ratings on Banco de Sabadell S.A. to reflect the challenges the new management team faces in the bank's turnaround.
- We revised the outlooks on six Spanish banks to stable from negative and affirmed the ratings on the six plus Kutxabank S.A. because, despite a still uncertain economic environment, downside risks to the ratings have eased.

MADRID (S&P Global Ratings) June 24, 2021--S&P Global Ratings today took the following rating actions on Spanish banks (see the Ratings List for full details):

- We lowered our ratings on Banco de Sabadell S.A. one notch to 'BBB-/A-3' from 'BBB/A-2'. The outlook is stable.
- We revised the outlooks on six other Spanish banks--Banco Santander S.A., Santander Consumer Finance S.A., Banco Bilbao Vizcaya Argentaria S.A., BBVA Global Markets B.V., Bankinter S.A., and Ibercaja Banco S.A.--to stable from negative and affirmed our ratings.
- We affirmed our ratings and maintained our stable outlook on Kutxabank S.A.

The remaining Spanish banks that we rate--CaixaBank S.A., Cecabank S.A., Caja Laboral Popular Cooperativa de Credito, Abanca Corporación Bancaria S.A., Grupo Cooperativo Cajamar, and Mulhacen Pte. Ltd.(holding company of unrated bank Wizink S.A.)--were not part of our review. This is because, with the exception of Mulhacen, the outlooks are already stable and not subject to downward pressure based on the above considerations. The negative outlook on Mulhacen relates to idiosyncratic factors.

Webinar

S&P Global Ratings will be hosting a live webinar on June 29, 2021 (9:00 a.m. EDT; 2:00 p.m. BST; 3:00 p.m. CEST) to discuss our views on European Banks. For more details, please visit:

https://event.on24.com/wcc/r/3252634/C509A2EA04B74CFC5B846E025A448F8D?partnerref=GMR

Rationale

Our rating actions on Spanish banks took place 15 months after the COVID-19 pandemic first hit European economies. A combination of steady progress on vaccinations and nascent signs of a powerful economic rebound suggest that the worst impacts, from the perspective of the banking sector, may be behind us.

Spain was one of the hardest hit economies by the pandemic in 2020, partly because of the importance of tourism to the economy and longer, more stringent, lockdowns. Spanish GDP dropped an unprecedented 10.8% in 2020. The scale of fiscal and monetary support provided in response to the pandemic was also significant and, while it came at a cost for the public sector (net public debt rose by 12.1 percentage points of GDP), it proved effective in containing damage to companies, households, and ultimately lenders.

In this difficult operating environment, Spanish banks proved fairly resilient, which we recognize with our revision of a number of outlooks to stable. Although domestic credit provisioning rightly increased to 90 basis points (bps) of average loans in 2020, versus 44 bps in 2019, taking a toll on banks' 2020 bottom-line results, capital did not weaken and banks' liquidity increased. We are conscious that we have yet to see problem loans emerge in banks' balance sheets and expect this will most likely occur in second-half 2021 and through 2022, as support measures are wound-down. However, with the economic recovery underway, we believe additional problem loans will be manageable for banks. In our base case, we expect that banks should be able to accommodate further provisions through earnings, without challenging their capital positions. We expect systemwide credit provisions to remain elevated this year at 80 bps of average loans, before declining toward more normalized levels in 2022.

However, the pandemic has intensified Spanish banks' profitability challenges at a time when customer demand for digitalization is also rising. Our expectation of limited volume growth, the persistence of negative rates for several years, and the need to undertake investments to support digital transformation, will make it more difficult for banks to achieve returns that exceed their cost of capital. Banks' strategies are clear--cost cutting through branch and staff downsizing and focusing on fee-generating income--and there are several initiatives underway, including a consolidation wave that will accelerate restructuring. Also, management teams have a good track record in delivering and adjusting to changing business conditions. However, we believe it will take time to see tangible results. Midsize players will likely face even more hurdles, given their less diversified revenue streams, larger mortgage portfolio weightings that cannot be repriced, more limited business scale to dilute fixed costs, and slower progress in digitalization. Conversely, we no longer see Spanish banks' funding profiles as particularly risky, after the significant deleveraging that took place over the past decade and due to limited loan growth prospects ahead.

Unlike other European countries, the economic risk trend for Spain's banking sector remains negative. Although there are signs of a strong rebound underway, the tourism sector will not recover to 2019 levels until 2022-2023. As a result, despite real GDP growth reaching 6.3% this year, it will take longer for Spain than for other European countries to close the output gap lost in 2020, which was also larger than that of peers. However, the country will be one of the main beneficiaries of the EU Next Generation Funds. With Spain's fiscal deficit in 2021 forecast at 8.6% of GDP, and net public debt reaching 112% of GDP, it also faces tougher fiscal challenges than its European partners, while the lack of a parliamentary majority may constrain government policy action. Fiscal and economic challenges ahead underpin our current negative outlook on our long-term sovereign ratings for Spain.

Banco de Sabadell S.A. (Sabadell)

Primary analyst: Miriam Fernández

We downgraded the bank to reflect our view of the challenges Sabadell's new management team faces to:

- Improve the profitability of its franchise to levels closer to those of other domestic and international peers;
- Enhance its efficiency; and
- Transform its business model amid the more demanding digitally driven environment.

We view management's targeted 6% return on tangible equity (ROTE) by 2023 as realistic, but sub-optimal for a bank with the scope and scale of Sabadell in Spain's small and midsize enterprise (SME) business. Compared to the bank's expectations, we believe return on equity (ROE) will improve to about 3.8%-4.2% by year-end 2023 (equivalent to about 4.8%-5.3% ROTE), due to lower volume growth and fee income, and higher credit provisions (we forecast total cost of risk at 70 bps by 2023 versus its 60 bps guidance). We assume that U.K. subsidiary TSB will start contributing to profitability in the coming quarters but remain more inefficient than U.K. peers or Sabadell's Spanish operations. Although we think that the planned restructuring of Sabadell's Spanish retail business should yield more material results beyond 2023, we expect limited improvements in efficiency over the next two years, with the bank's cost-to-income standing at about 61%-64% by 2023, compared with 65% currently. Furthermore, we believe that Sabadell will face increasing competitive pressure from domestic players while it engages in further staff and branch reductions.

Sabadell's capitalization should prove resilient through the business transformation, with our risk-adjusted capital (RAC) ratio hovering at about 8.0%-8.4%, excluding any potential divestments of international businesses. At this level, we expect Sabadell to be well placed to absorb somewhat higher asset-quality deterioration than peers, due to its SME focus. We expect nonperforming assets (NPAs) could peak at about 8.0%-8.5% of gross loans, compared with the bank's 5% target by year-end 2023.

Outlook

Our stable outlook on Sabadell balances the challenges posed to the new management team from the need to restructure the business, and sustainably improve its competitive position and profitability, with our expectation that its capitalization should prove sufficient to weather the expected asset-quality deterioration.

Downside scenario: Although unlikely at this stage, we could further lower our ratings if management fails in its restructuring efforts or does not execute strategic deleveraging for some of its international operations, leading to a sharp deterioration of capitalization, with our RAC ratio falling below 7%.

Upside scenario: We consider an upgrade unlikely while Sabadell works through its restructuring. However, we could consider it once we see clear evidence that Sabadell's efficiency and profitability has improved materially, reducing the gap with that of higher-rated peers, combined with a more supportive operating environment for Spanish banks.

Banco Santander S.A.

Primary analyst: Antonio Rizzo

The outlook revision to stable takes into account improving economic trends in some of the bank's main countries of operation, such as the U.K. and U.S., and generally higher confidence in the ongoing global economic rebound, despite some persisting concerns in its Spanish home market. Overall, we consider that the bank's business model, with a geographically diversified retail banking franchise, helped mitigate the financial hit from the pandemic. The bank's operating income proved solid enough to accommodate the sudden credit losses increase, without challenging its capitalization. Specifically, our measure of capital (the RAC ratio) for Santander was stable at 7.7% in 2020. We see potential for moderate capital strengthening this year, with RAC reaching 8%, despite the bank returning to dividend distributions, on the back of improving profitability (ROE of 7.25%) and selective loan growth. Moreover, the global economic rebound, governments' and regulators' extraordinary initiatives, and the bank's increased loan-loss reserves are mitigating the impact of the pandemic on the bank's balance sheet. As a result, we expect a gradual decline of cost of risk from this year. That said, and despite the stock of NPAs continuing to decline in 2020, we still see pockets of risk in the domestic market and Latin America, mostly related to SMEs and the remaining loans under moratoria. This should also explain NPA pick-up in the next 18 months, reaching about 5.5% from 4.5% last year.

Outlook

The stable outlook on Banco Santander S.A. reflects our view that its geographically diversified global franchise remains a rating strength and that the bank can absorb potential further asset-quality deterioration in some geographies and business segments, such as SMEs. We consider that the bank will continue to generate sustainable operating income in the next two years, maintain superior efficiency (below 50% cost-to-income), and prudent credit provisioning (about 105 bps-115 bps of cost of risk) to deliver its strategic priorities, notably improving profitability and capital. Specifically, we expect operating performance to improve on the back of business growth in the Americas and cost savings in the mature European market. We see the bank's ROE reaching about 8.5% and the RAC ratio strengthening and stabilizing above 8% in the next two years.

Given the current negative sovereign outlook, the stable outlook on Santander implies that, in the event of a sovereign downgrade to 'A-', we are likely to rate Santander one notch above Spain. This reflects our view that in a hypothetical stress scenario of the Spanish sovereign defaulting, there is an appreciable likelihood that Santander would not automatically default considering its globally diversified exposures.

Since the bank complies with its total loss absorbing capacity (TLAC) and minimum requirement for own funds and eligible liabilities (MREL), we project only a limited increase in the stock of bail-in-able debt. Therefore, at this stage, we don't see the buffer of bail-in-able debt sustainably exceeding 400 bps of its S&P Global Ratings' risk-weighted assets (RWA)--a level that would enable it to benefit from one notch of rating uplift.

Upside scenario: Although unlikely over the two-year outlook horizon, we could take a positive rating action if the bank demonstrates stronger build-up of loss-absorbing instruments than we currently expect. This could be because either it increases the stock of bail-in-able debt as a percentage of our RWA, or the RAC ratio exceeds our current expectations. In that event, an upgrade of Santander would also depend on our confidence that the rating can remain two notches above its domestic sovereign.

Downside scenario: The ratings could come under pressure if the bank fails to maintain a track record of high and resilient operating profitability; its wide geographical and business diversification does not provide tangible benefits to its risk profile; or unexpected events (such as aggressive acquisitions) undermine its capital position.

Santander Consumer Finance S.A. (SCF)

Primary analyst: Lucía González

The outlook revision to stable on SCF, which we assess as highly strategic to Banco Santander, mirrors the revision of the outlook on the parent. Our highly strategic assessment is based on SCF's solidly profitable business--even during the COVID-19 pandemic-induced economic recession--with operations across Europe that are integral to the overall group strategy. In our view, the improving or stabilizing macroeconomic trends that we see in several markets where SCF operates--including Germany, which represents about 35% of SCF's loan book, Scandinavia (17%), and France (14%)--will support its gradual normalization towards prepandemic levels by year-end 2022, with ROE approaching 9% next year, versus 4.8% at year-end 2020. In addition, we believe that the group is supportive of management and will be willing to provide support to SCF if necessary. In our view, Banco Santander is highly unlikely to sell SCF as a whole, although it could consider opportunistically divesting parts of SCF's business in times of stress.

Outlook

The stable outlook on SCF mirrors that on its parent, Banco Santander. So long as we continue to assess SCF as highly strategic to Banco Santander, our ratings on SCF will remain one notch below, and move in tandem with, those on the parent.

The stable outlook also incorporates our expectation that SCF will return to close to prepandemic profitability by 2022, with ROE approaching 9%, and its RAC ratio remaining comfortably above 10% over the next 18-24 months. This is supported by the bank's wide geographical diversification across Europe and the improving or stabilizing macroeconomic trends we observe in several markets where SCF operates. The announced strategy of combining SCF and Openbank (the group's digital bank) will start soon, although we do not anticipate any significant contribution to results over our outlook horizon. Furthermore, we believe that potential asset-quality deterioration will be manageable, with SCF's problem loans ratio deteriorating to just slightly above 2%.

Upside scenario: Although unlikely, an upgrade of SCF in the next 18-24 months could be triggered by a similar action on its parent, or by our revision of SCF's status within the group to core.

Downside scenario: We could lower the ratings on SCF if we downgrade its parent, or if we believe that the parent's commitment weakens, leading us to revise downward our view of SCF's long-term strategic importance for the Santander group.

Banco Bilbao Vizcaya Argentaria S.A. (BBVA)

Primary analyst: Elena Iparraguirre

Despite some residual concerns at the unfolding of the COVID-19 pandemic in Spain, several reasons support our view that downside risks for BBVA and its core subsidiary BBVA Global Markets B.V. have receded. First, we believe that BBVA's geographically diversified profile, even post the sale of its U.S. operations and generally improving economic growth prospects globally, should support a gradual strengthening of its profitability after a difficult 2020. It should also contain the magnitude of problem loans, which nevertheless should increase somewhat. Second, the substantial capital strengthening the bank experienced after completing the sale of its U.S. operations provides it with flexibility to navigate a potentially harsher environment, even if temporarily (as over the medium-term, we expect the excess capital to be deployed). Furthermore, we also note the bank's relative resilience through 2020 amid a global downturn, where its geographical diversification still proved valuable. The bank's 2020 profitability was substantially lower, but remained positive, despite the recognition of extraordinary goodwill impairments on top of higher credit provisions, lower revenue, and significant depreciation of foreign currencies. Its capital was also preserved. That said, and as was the case for peers, extensive government support was also instrumental in this outcome.

Outlook

The stable outlook over a two-year horizon assumes that in a likely more supportive global economic environment, BBVA will gradually restore its profitability and keep asset-quality deterioration under control. We forecast ROE will improve to 8%-9% in 2021-2023, thanks to cost savings, primarily in Spain, and lower credit provisions, with earnings growth remaining more modest. In addition, in the absence of acquisitions, and despite the bank's plans to buy back 10% of its shares between this year and next, its capital is likely to remain above target levels, with RAC hovering at about 9%. However, by 2023, a capital distribution to shareholders cannot be ruled out if the bank finds no alternative options to reinvest its excess resources. This would imply a return to RAC of about 8.5%.

Downside scenario: The ratings could become under pressure if the bank engages in an acquisition that increases its business and risk profile, excessively leverages its capital, or poses managerial challenges. Equally, the ratings could face downward pressure if BBVA's business model becomes more geographically concentrated, most likely in Spain, raising doubts about the diversification benefits in its risk profile, in particular.

Upside scenario: All other factors being equal, we could consider an upgrade if the bank builds up a higher cushion of bail-in-able instruments that would protect senior debt holders in a resolution scenario.

Bankinter S.A.

Primary analyst: Miriam Fernández

We revised our outlook on Bankinter to stable from negative because we believe that over the medium term the bank will be able to gradually compensate for the income lost from the recent spin-off of its insurance arm. We expect increasing revenue from its domestic banking business, but also from new businesses and markets that have yet to develop. However, we view management's 11% ROE and 43% cost-to-income targets for 2023 as ambitious. Rather, we expect sound but below pre-spin-off levels of 8.5%-9.0% ROE and 49% cost-to-income respectively in 2023. We also note that the quality and recurrence of Bankinter's additional future earnings could be weaker than those from the insurance arm. Although we expect some credit deterioration in upcoming quarters (NPAs could peak at 4.5% of gross loans in the next two years, according to our forecasts), capitalization should remain solid with our estimated RAC ratio hovering at about 9.0%-9.5% by year-end 2023.

Outlook

The stable outlook reflects our view that Bankinter should gradually compensate for most of the revenue lost from its insurance arm and maintain solid profitability over the next 18-24 months. We also expect the bank to maintain its prudent risk profile, although provisions will likely remain elevated in the next 18-24 months, due to the pandemic.

Downside scenario: We could lower the ratings if Bankinter fails to compensate for revenue lost from the insurance spin-off and its profitability does not strengthen enough to counterbalance its more modest, concentrated franchise compared to that of similarly rated peers. We could also lower the ratings if profitability improvements rely on lower quality, less stable revenue sources. In addition, although less likely, we could lower our ratings if Bankinter's risk appetite increases, either due to aggressive lending or acquisitions that could impair its financial profile.

Upside scenario: An upgrade is unlikely since we consider it improbable that we would give more weight to the bank's capital and risk strength.

Kutxabank S.A

Primary analyst: Miriam Fernández

We affirmed our ratings on Kutxabank. We believe the bank benefits from a strong franchise in its wealthier-than average home market and a broad product offering, including para-banking products, which should support fee income growth. However, we note that its earnings capacity is facing pressure relative to peers amid prolonged ultra-low interest rates, fierce competition from an increasingly consolidated domestic market, and the accelerated need for digital transformation. Indeed, we expect Kutxabank's ROE to gradually improve on the back of higher fee income and lower provisions, but reach just 4.0%-4.5% in 2023, from 2.9% in 2020, which is a relatively low return.

Conversely, its capital, which we currently view as adequate, is strengthening, with our RAC measure approaching 10% by year-end 2022. It could therefore become a ratings strength in the future, particularly given Kutxabank's lower-risk profile--75% of its loans are mortgages, which should shield it from material asset-quality deterioration. For this to happen, downside risks related to a potentially weaker macroeconomic environment in Spain would have to ease, given that a weaker economic risk assessment would lower our RAC forecasts 120 bps. We also view positively that foundation shareholders have already built the bulk of the required reserve fund, ahead of the 2024 deadline.

Outlook

The stable outlook on Kutxabank balances the rising profitability challenges the bank faces with the benefits of a gradually strengthening capital base. We also expect the bank will maintain its sound liquidity, and its conservative risk culture, and that the potential deterioration of its asset quality over the remainder of this year and next will be modest.

Downside scenario: We could lower the ratings if the bank fails to achieve sustainably higher profits and stronger capital, or increases its risk profile.

Upside scenario: We could raise the rating in the medium term if the bank strengthens and sustains its capital at a strong level, while demonstrating banking franchise, management, and profitability strength that could compensate for its limited scale and lower geographical diversification.

Ibercaja Banco S.A. (Ibercaja)

Primary analyst: Miriam Fernández

The outlook revision to stable reflects our view of Ibercaja's enhanced capitalization and likely manageable asset-quality deterioration ahead, which offset pressures we expect in the next 12-18 months on the bank's already-weak earnings profile.

Although we still see Ibercaja as having more limited financial flexibility than peers, due to its foundation-ownership, we recognize its now stronger capital, which we think it will preserve. We expect Ibercaja's RAC ratio will stand at 7.8%-8.2% by year-end 2022, compared with 7.9% in 2020.

Conversely, we think that Ibercaja's regional and less-diversified business than that of peers (its mortgages represent 61% of loans versus 42% for the Spanish system) will face particular pressure in the current environment. This, coupled with the need to continue investing in digital transformation to remain competitive, will weigh on its already-weak profitability. Despite some staff reductions, we expect Ibercaja's operating structure will remain somewhat heavy, leading to limited efficiency improvements in the next 12-18 months, with cost-to-income declining to about 65%, compared with 67% in 2020. We forecast the bank's ROE at a modest 3.0%-3.5% in 2022.

Outlook

The stable outlook on Ibercaja reflects our belief that, while the spillover effects of the pandemic on asset quality are yet to come, additional problem loans will be manageable, and its capitalization will not be challenged over the next 12-18 months. We see NPAs potentially reaching 7% of gross loans in 2022, compared with 5.1% at year-end 2020. The outlook also indicates that ultra-low interest rates, still high costs, and elevated credit provisions, will continue to weigh on Ibercaja's already-weak profitability, which will likely remain lower than that of higher-rated peers.

Downside scenario: We could lower the ratings if the bank's internal capital generation proves much weaker than we expect, or if asset quality deteriorates substantially.

Upside scenario: An upgrade is currently unlikely. However, we could consider it in the medium term if Ibercaja enhances its efficiency and underlying profitability to levels closer to those of higher-rated domestic peers, while preserving its capital strength and conservative risk profile.

BICRA Score Snapshot

Spain

	To	From
BICRA Group	4	4
Economic Risk	4	4
Economic Resilience	Intermediate risk	Intermediate risk
Economic Imbalances	Intermediate risk	Intermediate risk
Credit Risk In The Economy	Intermediate risk	Intermediate risk
Economic Risk Trend	Negative	Negative
Industry Risk	4	4
Institutional Framework	Intermediate risk	Intermediate risk
Competitive Dynamics	High risk	Intermediate risk
Systemwide Funding	Low risk	Intermediate risk
Industry Risk Trend	Stable	Stable

Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores are on a scale from 1 (lowest risk) to 10 (highest risk). For more details on our BICRA scores on banking industries across the globe, please see "Banking Industry Country Risk Assessment Update," published monthly on RatingsDirect.

Related Criteria

- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- Criteria | Financial Institutions | General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016

- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Criteria | Financial Institutions | Banks: Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

Related Research

- Spain 'A/A-1' Ratings Affirmed; Outlook Remains Negative On Fiscal And Structural Challenges, March 19, 2021
- Spain's €11 Billion Aid Package For The Private Sector Signals A Shift From Liquidity To Solvency Support, March 18, 2021
- Spanish Banks Need To Bolster Provisions, Cut Costs, And Preserve Capital In 2021, Jan. 25, 2021
- Outlooks Revised To Negative On Several Spanish Banks On Deepening COVID-19 Downside Risks, April 29, 2020

Ratings List

**************** Banco de Sabadell S.A. ****************		
Downgraded		
	To	**From**
Banco de Sabadell S.A.		
Issuer Credit Rating	BBB-/Stable/A-3	BBB/Negative/A-2
Resolution Counterparty Rating	BBB/--/A-2	BBB+/--/A-2
**************** Banco Santander S.A. ****************		
Ratings Affirmed		
Banco Santander S.A.		
Resolution Counterparty Rating	A+/--/A-1	
Santander Consumer Finance S.A.		
Resolution Counterparty Rating	A/--/A-1	

Ratings Affirmed; Outlook Action

	To	From
Banco Santander S.A.		
Issuer Credit Rating	A/Stable/A-1	A/Negative/A-1
Santander Consumer Finance S.A.		
Issuer Credit Rating	A-/Stable/A-2	A-/Negative/A-2
*** * * * * * * * * * Banco Bilbao Vizcaya Argentaria S.A. * * * * * * * * ***		
Ratings Affirmed		
Banco Bilbao Vizcaya Argentaria S.A.		
Resolution Counterparty Rating	A/--/A-1	
Ratings Affirmed; Outlook Action		
	To	**From**
Banco Bilbao Vizcaya Argentaria S.A.		
BBVA Global Markets B.V.		
Issuer Credit Rating	A-/Stable/A-2	A-/Negative/A-2
*** * * * * * * * * * * * * * * Bankinter S.A. * * * * * * * * * * * * * * ***		
Ratings Affirmed; Outlook Action		
	To	**From**
Bankinter S.A.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB+/Negative/A-2
*** * * * * * * * * * * * Kutxabank S.A.* * * * * * * * * * * ***		
Ratings Affirmed		
Kutxabank S.A.		
Issuer Credit Rating	BBB/Stable/A-2	
*** * * * * * * * * * * * * * * * *Ibercaja Banco S.A. * * * * * * * * * * * * * * * * ***		
Ratings Affirmed; Outlook Action		
	To	**From**
Ibercaja Banco S.A.		
Issuer Credit Rating	BB+/Stable/B	BB+/Negative/B

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352 Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.